



Date: September 13, 2005
To: Mayor and Members of the City Council
From: Gerald R. Miller, City Manager
Subject: Suggested Adjustments to Fiscal Year 2006 Proposed Budget

Beyond the positive investments being made in the City's public safety, infrastructure and neighborhoods, there are dozens of difficult funding decisions contained in the Fiscal Year 2006 (FY 06) Proposed Budget to ensure progress toward fiscal sustainability. Budget deliberations have revealed a strong will to find alternate solutions to restore some important services, especially those impacting the youth of our community.

Based upon the feedback received since the FY 06 Proposed Budget was delivered to the Mayor and City Council, I have identified a funding source, namely the \$600,000 Operating Reserve that might be used to address some of your highest priority concerns for FY 06. In addition, staff will be directed to explore opportunities to generate \$65,520 by subletting a portion of the North PAL facility or utilizing grant funding to offset a portion of PAL operating costs. Should an additional structural revenue source become available during the fiscal year, there may be an opportunity to permanently restore identified programs and possibly address additional concerns identified by the City Council, including support for additional police officers or further reduction of the structural deficit. Therefore, based upon the recommendations of the Mayor, City Council and Budget Oversight Committee, I am proposing that the FY 06 Adopted Budget reflect the following amendments to the Proposed Budget:

Recommended Amendments

Restore Library Youth Programming	\$ 223,498
Restore Vacant Community Relations Police Services Assistant	57,174
Restore Police Athletic League	<u>384,848</u>

Total Cost of Restored Programs and Services Utilizing Operating Reserve, PAL Facility Sublease and/or Grant Funds	\$665,520
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Other programs were requested through the use of non-General Fund and/or private sources of funding. These include:

Six-week Municipal Band Concert Season*	\$350,000
Fourth of July Fireworks	<u>120,000</u>

Total Non-General Fund Programs and Services	\$470,000
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The expense and anticipated revenue for a six-week Municipal Band season will be supported through a combination of private contributions and non-General Fund sources. Newly budgeted expense and revenue for the Fourth of July Fireworks will be added to the Special Advertising and Promotions Fund. Potential revenues to support these activities include the Promotions Fund, other non-General Fund sources (where eligible), private donations and marketing and sponsorship revenues.

**Funding for two additional weeks of Municipal Band concerts (\$90,000) will be added to the budget through a quarterly budget adjustment if private donations are secured.*

As noted above, the two additional weeks may be added back based upon the successful solicitation and collection of revenue to support these activities. Staff will report back to the City Council on the status of private donations by February 28, 2006, when a final decision can be made about the expansion of the Municipal Band season.

Lastly, concerns have been voiced about the closure of an additional day at the Nature Center, in hopes that an alternate cost reduction could be found at the Nature Center in lieu of the closure. I am therefore recommending a reduction in the operational budget at the Nature Center, which will have a limited impact on the Nature Center's programming while maintaining its current hours of operation. This alternate will keep the Financial Strategic Plan savings intact, without a significant impact on service to the public.

Throughout the FY 06 budget development process, there has been an unprecedented amount of community input and participation. Starting with the first budget workshop on May 3, 2005, the City Council and staff have received direct feedback on the community's priorities. The level of input, and the energy with which it has been delivered, are encouraging signs that the budgeting process is truly becoming more transparent and accessible. It is also clear that the budget deliberation process is leading to a sound Adopted Budget reflective of community priorities. The Mayor and City Council have taken the community's feedback into careful consideration, as the aforementioned changes address core services that are at the heart of the community's quality of life.

Furthermore, the Mayor, City Council and its Budget Oversight Committee, throughout the decision-making process, have demonstrated a commitment to both the adopted financial policies and the continued effort to reduce the structural deficit, most notably by insisting cost reductions or new revenues offset any adjustments to the proposed budget. This leadership and fiscal discipline have been invaluable to the progress we have achieved to date.

My staff and I stand ready to discuss these options, and look forward to successfully implementing the third year of the Plan. Please contact me at 8.6916 or Suzanne Mason at 8.5092 if you would like to discuss this matter further.

Cc: Robert E. Shannon, City Attorney
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